

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON FISHERIES**

January 25, 2018

11:08 a.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Chair  
Representative Jonathan Kreiss-Tomkins  
Representative Mike Chenault  
Representative David Eastman  
Representative Mark Neuman

**MEMBERS ABSENT**

Representative Zach Fansler  
Representative Geran Tarr

**COMMITTEE CALENDAR**

HOUSE BILL NO. 188

"An Act relating to commercial fishing entry permits; establishing regional fisheries trusts and fisheries trust regions; relating to commercial fishing entry permits held and leased by a regional fisheries trust; relating to the duties of the Alaska Commercial Fisheries Entry Commission and the Department of Commerce, Community, and Economic Development; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 188

SHORT TITLE: COMM. FISH. ENTRY PERMITS; LOANS; TRUSTS

SPONSOR(s): REPRESENTATIVE(s) KREISS-TOMKINS

03/20/17	(H)	READ THE FIRST TIME - REFERRALS
03/20/17	(H)	FSH, L&C
04/13/17	(H)	FSH AT 10:00 AM GRUENBERG 120
04/13/17	(H)	-- MEETING CANCELED --
04/20/17	(H)	FSH AT 10:00 AM GRUENBERG 120
04/20/17	(H)	-- MEETING CANCELED --
04/25/17	(H)	FSH AT 10:00 AM GRUENBERG 120
04/25/17	(H)	Heard & Held
04/25/17	(H)	MINUTE(FSH)
01/25/18	(H)	FSH AT 11:00 AM GRUENBERG 120

## **WITNESS REGISTER**

REPRESENTATIVE JONATHAN KREISS-TOMKINS

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 188 and answered questions.

REID MAGDANZ, Staff

Representative Kreiss-Tomkins

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Answered questions and presented an overview of the major changes incorporated into Version M of HB 188, on behalf of Representative Kreiss-Tomkins, prime sponsor.

ALVIN OSTERBACK, Mayor

Aleutians East Borough

Sand Point, Alaska

**POSITION STATEMENT:** Provided testimony on House Bill 188.

## **ACTION NARRATIVE**

[11:08:11 AM](#)

**CHAIR LOUISE STUTES** called the House Special Committee on Fisheries meeting to order at 11:08 a.m. Representatives Neuman, Kreiss-Tomkins, Chenault, and Stutes were present at the call to order. Representative Eastman arrived as the meeting was in progress.

### **HB 188-COMM. FISH. ENTRY PERMITS; LOANS; TRUSTS**

[11:09:20 AM](#)

CHAIR STUTES announced that the only order of business would be HOUSE BILL NO. 188, "An Act relating to commercial fishing entry permits; establishing regional fisheries trusts and fisheries trust regions; relating to commercial fishing entry permits held and leased by a regional fisheries trust; relating to the duties of the Alaska Commercial Fisheries Entry Commission and the Department of Commerce, Community, and Economic Development; and providing for an effective date."

CHAIR STUTES stated that the committee had heard HB 188 once last year and that a committee substitute is available today.

REPRESENTATIVE CHENAULT moved to adopt the proposed committee substitute (CS) for HB 188, Version 30-LS0389\M, Bullard, 1/22/18, as a working document. There being no objection, Version M was before the committee.

CHAIR STUTES stated that it was not her intention to move Version M from committee that day because new fiscal notes were being developed. She said that she would distribute the fiscal notes to the committee when they become available.

11:11:01 AM

REPRESENTATIVE JONATHAN KREISS-TOMKINS, Alaska State Legislature, said that he would provide a few initial comments as prime sponsor of HB 188, prior to his staff member's presentation, which will include the significant changes incorporated into Version M. He began by stating that fisheries trusts are a policy tool developed by working with stakeholders around Alaska. He said they would be an "elective tool in the tool box" in that they would not be mandatory but an "opt-in" tool that regions can use to help new and young fishermen enter into commercial fishing. He stated that HB 188 would maximize the benefit of the fishing resource to Alaska communities and try to create a driver for economic development, particularly in coastal Alaska where there are limited economic opportunities. He said that over the past year a lot of work has been accomplished with stakeholders, responding to their feedback and ultimately making improvements to the bill. He said that a lot of these changes will be presented in the overview today.

11:12:21 AM

REID MAGDANZ, Staff, Representative Jonathan Kreiss-Tomkins, Alaska State Legislature, on behalf of Representative Kreiss-Tomkins, prime sponsor of HB 188, began his presentation with a slide titled "New year, New bill." The slide explained that much work had been done on the bill over the last nine months, with major revisions in response to the letters received after many conversations with fishermen and other groups interested in this idea. Because of the many changes to the bill, Mr. Magdanz said he wanted to first provide the committee with another review of fishery trusts and how they function. He stated he would introduce the major changes to the bill following his review.

11:13:50 AM

MR. MAGDANZ presented the next slide, which was a "Review" slide asking the question "What do fisheries trusts look like?" He explained that the trusts are regional entities and are "opt-in and self-determined." He pointed out that the Department of Commerce, Community, and Economic Development (DCCED) in consultation with the Alaska Department of Fish & Game (ADF&G), will divide the state into regions based on the Commercial Fishery Entry Commission's (CFEC's) existing salmon administrative areas, and these administrative areas are shown on the next slide. He then explained the "opt-in" and "self-determined" aspects of fisheries trusts. He stated that HB 188 would not create fisheries trusts automatically, and that they can only exist in a region if two-thirds of the incorporated municipalities in that region petition the DCCED to establish a trust. He said that fisheries trusts are community and regionally governed, such that the board of each trust is made up of a representative from each municipality within each defined region. He stated that there would be "limited authorization," meaning that no more than three trusts can be established in the state without further legislative action. To make that point clear, he said that if Bristol Bay, the Aleut Region, and Kodiak were to establish trusts, then no other trusts could be established without further legislation. He posed the question, "What do fisheries trusts do?" and answered that they temporarily transfer permits to qualified fishermen "as stepping stones" that provide access into commercial fisheries. He said a transfer might occur for up to but no longer than six years. As a final point, he said that a fisheries trust can only hold up to 2.5 percent of the permits in any given fishery.

REPRESENTATIVE KREISS-TOMKINS added that the 2.5 percent cap was based on the same rationale used in pilot programs where a limited start is recommended to see how a new program will perform in the real world. He said that this will provide an opportunity to learn from what works and does not work, make changes as needed, and only then allow additional trusts to exist. He restated an earlier point that additional fisheries trusts could only occur under further legislation.

[11:16:35 AM](#)

REPRESENTATIVE NEUMAN referenced the regional three-permit limit and said he liked this concept, particularly because of the nonprofit type status. He asked if the permits would be transferrable from region to region.

11:17:16 AM

MR. MAGDANZ answered that no more than one fisheries trust would be allowed to hold permits in any given fishery. In the example of Bristol Bay salmon drift net and set net fisheries, the only trust that could acquire permits in those fisheries would be the Bristol Bay fisheries trust. He said there would be no transfer of permits between regions or trusts.

REPRESENTATIVE NEUMAN clarified that his question was whether permits were transferable from one region to another, and he offered his understanding that the answer is no.

MR. MAGDANZ affirmed that Representative Neuman was correct.

11:18:13 AM

MR. MAGDANZ continued his presentation with a second "Review" slide that asked, "Why should we care about fisheries trusts?" He answered this question by addressing each of the five bulleted points on the slide. The first bullet on the slide stated that fisheries are the economic engine of coastal Alaska and, in many communities, they are the primary if not the only economic driver. The second bullet states that access to Alaska fisheries has become "highly capital intensive." When limited entry was first put in place in the mid-1970s, it was much more feasible to buy a low-cost permit, acquire a "beat-up boat," and go fishing. Today this is not the case, as becoming a captain on one's own boat requires hundreds of thousands of dollars. The third bullet states that access to commercial fisheries has decreased in much of Alaska, especially rural Alaska, since 1975. It was well documented by the CFEC as well as organizations like the Institute of Social and Economic Research (ISER) that over the last 40 years certain communities in Alaska have lost some of their opportunities to enter into fisheries. The fourth bullet on the slide indicates that fishermen with limited access to capital are increasingly "left on shore" because of capital-related barriers. He said that fishermen who received initial permits were successful, but those permits did not always stay in the communities when those fishermen retired. The final bullet on the slide relates to the negative impact that barriers to entry have had on rural coastal communities. Mr. Magdanz stated that is a result of the combined effect of the two increasing trends he mentioned: higher cost of entry and loss of permits within communities.

11:20:21 AM

MR. MAGDANZ presented a third "Review" slide that asked two questions. The first question was, "Will this allow other entities or individuals the ability to temporarily transfer permits?" He said the answer to this question is a definitive no. He reiterated that HB 188 would give fisheries trusts, and only fisheries trusts, the ability to temporarily transfer permits. He said that it would not interfere with existing emergency transfers, and that no other entities would be allowed to have this temporary transfer arrangement.

MR. MAGDANZ said the second question on the third and final "Review" slide asked, "Where will the money come from?" He answered this question by first saying that HB 188 would not provide any funding for fisheries trusts; it merely would authorize their establishment. He said that a group of people in a region wanting to establish a trust would have to raise money for the purchase of permits on the open market.

11:21:14 AM

REPRESENTATIVE KREISS-TOMKINS added that the reasoning behind not providing money to the trusts as a "leg-up" was based on the idea that people in the communities and regions would need to demonstrate the ability to "bootstrap themselves" for this to be successful. He said that HB 188 would create the mechanism and the tool, but it would be up to the communities to use this tool in a way that it would work. He said that conversations with people suggest that there is substantial interest in pursuing this in some regions. He stated that he believes people would be successful in "bootstrapping" themselves and turning their trusts into a tool that helps generate economic opportunity within their regions. He reiterated that the idea is to provide the tool and nothing more.

MR. MAGDANZ said that his presentation would now move on to changes that were made to HB 188 since it was last heard by the committee. He indicated that he would start with the major changes and then move to some of the minor but still meaningful changes.

MR. MAGDANZ said that the most important change present in Version M of the bill is the restructuring of the relationship between a fisheries trust and a fisherman who received a permit from a trust. He said the previous version of the bill structured this arrangement as a lease and Version M structures

it as a temporary transfer. He said this was important because Version M is more in line with the way CFEC currently manages commercial fishery permits. He said that temporary transfers already exist in the form of temporary emergency transfers; therefore, this change ensures that regional fisheries trusts would merely be doing what is already allowed under the Limited Entry Act. He added that while the fisheries trust scenario would be slightly different, the process would follow precedent and existing CFEC procedure. He said that an important element of this change is the provision that CFEC will review temporary transfers between trusts and fishermen and have the power to approve or deny them, as it currently does for emergency and permanent transfers. He summarized this important change by reading the last line on the slide as follows: "These changes harmonize the bill with existing CFEC practices and ensure the legal status of permits does not change."

[11:23:50 AM](#)

MR. MAGDANZ continued to the next slide, titled "A little bit more on temporary transfers." The slide pertains to two issues: the time limit of a temporary transfer and the possibility of a transfer being revoked. He said that he had already mentioned the six-year limit for the temporary permit transfers, and he added that many trusts would likely transfer them for two-four years. Regarding the question of whether a transfer can be revoked, he said that this could occur only in situations where a transferee violates fishing regulations, fails to make payments as agreed upon with the fisheries trust, or falsifies information to the CFEC or other regulatory bodies. He said that other than these circumstances, a temporary transferee would hold his/her permit and have the same rights and privileges to fish as any other permit holder.

[11:24:53 AM](#)

REPRESENTATIVE NEUMAN drew attention to statements made by Mr. Magdanz regarding the current difficulty in obtaining a permit and the reasons a temporary permit acquired through a trust could be revoked. He said that it seemed to him that it would be logical for the commissioner to have some authority for unique circumstances that might arise. He said that it's not possible to think of everything in advance, that emergencies can occur, and that conditions such as the ocean environment can change.

[11:25:46 AM](#)

MR. MAGDANZ offered to speak with Representative Neuman about that matter. He added that under the proposed legislation, a temporary transferee could emergency transfer a permit in the same way any other permit holder currently can if injured or called into military service.

[11:26:14 AM](#)

CHAIR STUTES asked whether [under the proposed legislation] a temporary transferee could emergency transfer his/her permit to another individual or if the permit would have to go back to the permit bank.

MR. MAGDANZ responded to the Representative Stutes saying that a temporary transferee does not have the power to permanently transfer a permit.

CHAIR STUTES clarified that she was not referring to permanently transferring a permit but to a situation within the maximum transfer limit of six years. She asked if an individual with a permit from the permit bank, who is suddenly called to military duty, would have the opportunity to transfer his/her permit to another fishing individual or if the permit would return to the permit bank.

MR. MAGDANZ answered by stating that the permit holder could transfer his/her permit to another individual. He noted that this provision was still being developed in consultation with CFEC. He elaborated that in the example of someone called into military service after fishing a transfer permit for two of its three years, the permit could be transferred to another individual who could fish the permit for the permit's one remaining year. He said the transfer described in this scenario would have to be approved by CFEC.

[11:27:48 AM](#)

REPRESENTATIVE NEUMAN said that he likes the fact that CFEC would have to approve the transfer again because the original transferee might not know the financial background of the new permit holder.

MR. MAGDANZ presented the next slide, titled "The other big one: Leasing Criteria." He said the other big change to HB 188 pertains to the constitutionality of a provision present in the original version – a provision that would have restricted



transfers to Alaska residents. He said lawyers disagreed on whether that restriction should be allowed to remain in the bill. It was decided to choose the most conservative legal option, which was removal of the residency requirement. This decision eliminates any federal constitutional challenges that could be brought against HB 188.

11:29:08 AM

CHAIR STUTES asked who would be eligible for these permits and if there would be any requirements for prior fishing experience. She asked if, for example, someone could arrive from the Midwest and request a permit.

MR. MAGDANZ responded that Sec. 16.44.080, as proposed under Version M, on page 26, line 12, would require that a permittee must be able to participate actively in the fishery. He said that this is the same standard that CFEC uses to judge if someone is eligible to receive a transferred permit. He added that this requirement would address the scenario described by Representative Stutes, of someone arriving from the Midwest with no gear, no boat, and no fishing experience.

CHAIR STUTES suggested that Mr. Magdanz was stating that an eligible permittee must simply be an able-bodied human being.

MR. MAGDANZ said he thinks there would be some discretion from the agencies and the fisheries trust in their determination of what being able to participate in the fishery means. He said he cannot say how CFEC currently interprets that language. He also said there is intent to add a section that would allow a fisheries trust to place additional qualifications on temporary transferees.

CHAIR STUTES asked for confirmation that the current language would allow anyone to be eligible for a transfer permit regardless of whether they have participated in any type of fishery.

11:31:07 AM

REPRESENTATIVE KREISS-TOMKINS said that the Chair Stutes' assessment was correct; however, it is important to differentiate eligibility from the likelihood of receiving a permit. He said anyone with no fishing experience could apply for a loan from the Commercial Fishery Revolving Loan Fund but the likelihood of them receiving a loan was almost nil. He

added that it would be "financially masochistic" for someone to acquire a fisheries trust permit, "flail around" in the fishery for a season, and still be required to pay the same fees as someone making an emergency medical permit transfer. He said that this would not be in that person's best interest. He also said that the preference criteria, specifically the "initial allocation criteria" under the Limited Entry Act, identified in the second portion of the current slide, was oriented around people who are from coastal communities and who depend on fishing for a livelihood. He indicated that given these elements of the program, the person from Iowa was "going to strike out."

CHAIR STUTES said she appreciated that explanation and that she was simply trying to determine the parameters for eligibility as they currently exist.

11:32:31 AM

REPRESENTATIVE CHENAULT stated that his concern was that a 2.5 percent cap on the number of permits may not represent very many permits in some areas. As an example, he said he didn't know the total number of permits available in Bristol Bay, but guessed that it was rather large. He didn't know if the 2.5 percent was going to represent 25, 50, or 100 permits being available. He said he realized that the trust was being set up to help local communities, increase the growth of the fleet, and encourage younger people to be involved in fisheries. However, he wanted to point out that while HB 188 addresses concerns about the high cost of entry into fisheries, there are those who are not concerned about the high costs and have money to purchase a boat or permit or both. With that in mind, he asked if there was any disadvantage in structuring this program so nonresidents would come here to use the state's resources and see a return on their efforts. He said he was unsure if this was a question or a statement, but that it was something he was looking at regarding HB 188. He said he is aware that there is a lot of interest in figuring how to help rural Alaska residents get into fishing, and he has the same concerns for the Cook Inlet area where the fleet is aging and fewer young people are participating in the fisheries. He stated that he does not know how to help these people and if HB 188 is the correct approach. He said he has not spoken with too many fishermen about this but wanted more comments or thoughts about the issue.

11:35:02 AM

MR. MAGDANZ drew attention back to the slide titled "The other big one: Leasing Criteria" and said he would explain the second bulleted point, which partially addresses some of the comments raised by Representative Chenault. He began by reiterating that legal concerns restrict the availability of fisheries trusts to only Alaska residents. He supported that statement by pointing out that legal provisions, particularly in the Alaska Constitution, make it very clear that the state cannot give preference to people based directly on their place of residence; it cannot let people from some communities access a resource while restricting people from other communities. He said that this is well established in state law.

MR. MAGDANZ said that when the Alaska residency restriction was removed from HB 188, constitutionality was further strengthened by reworking the bill's bid preference criteria. These proposed changes are found in Sec. 16.44.050(c), on page 24 of Version M. He directed the committee's attention to a bulleted list on the slide, which identifies the new bid preference criteria that has been incorporated into Version M. He stated that these were based on court- and agency-vetted standards that other state programs use or have used in resource management cases. These criteria would allow fisheries trusts to prioritize the granting of permits to people who have past ties to a fishery, few other economic opportunities, and a record of participation in fishery management or with fishery organizations such as the United Fisherman of Alaska, Fish and Game Advisory Committees, and the Board of Fisheries. He reiterated that these preference criteria have been used in the past, in programs such as the Limited Entry Act, when permits were first allocated, and in ADF&G's Tier II subsistence hunting permits. He stated that these criteria are utilized to make sure the competitive bidding process provides a fair playing field that would assist people who may have good access to capital as well as those who may not.

[11:38:02 AM](#)

REPRESENTATIVE KREISS-TOMKINS told Representative Chenault that the comments he offered were well received. He opined that the two bulleted points on the slide identify elements of the bill that will ideally align the direction of the program to provide commercial fishing opportunity for the people that both he and Representative Chenault know and want to see have that opportunity - not the "people scooping up the resources from elsewhere." He said that he is optimistic that this direction

can be created, even while operating within constitutional parameters.

REPRESENTATIVE KREISS-TOMKINS said that conversations were held with many young fishermen around Alaska over the last three years while the bill was being developed, and that many of them are deck-handing because they love commercial fishing and they love hard work. He then restated that there are high capital costs of entering into a commercial fishery. He added that the Commercial Fishing Revolving Loan Fund has not kept up with the increasing capital cost of fishing, despite recent efforts by the legislature. He stated that the fisheries trust program will create a needed stepping stone, because it is a "huge jump" for someone who is currently a deckhand to become a skipper. He added that it is an "all in"; it is a high capital fishery; and it is a "deep, deep end that you are diving into." Based on the conversations with fishermen, he said that it would be a huge benefit to acquire a fisheries trust permit for two to three years, so you could run your own boat, make some mistakes, learn from your mistakes, and save some money in the process. He said that, to some extent, this is the "tool" young fishermen are using when they access emergency medical transfer permits, even though those permits were not designed for that purpose. He stated that accessing permits through a fisheries trust would be a more transparent means to the same end. He analogized this situation to that of purchasing other large assets. As an example, he said that most people don't transition from living with their parents to purchasing their own house on the open market. They usually rent an apartment for few years, acquire some life experiences, and save some money for a down payment. He said that renting an apartment is a great stepping stone to becoming a home owner and building equity.

[11:41:53 AM](#)

MR. MAGDANZ directed the committee's attention to the final slide identifying substantive changes incorporated into Version M of HB 188. He explained while the changes he was about to show are meaningful, they are of slightly less scope than those he identified in the prior slides. He stated that the first bullet on the slide identifies the requirement under Version M that fisheries trust boards have a diversity of experience, with at least two board members having background in commercial fishing. He said this change was made in response to feedback received from fishermen.

MR. MAGDANZ said that the second bullet identifies a concern that an individual may find it difficult to acquire a permit in a small fishery comprised of as few as roughly twenty permits if a trust had also acquired permits in that small fishery. To resolve this concern, Version M would restrict a regional fisheries trust from acquiring permits in fisheries with fewer than 40 transferable limited entry permits.

MR. MAGDANZ said that the third bullet shows that a regional fisheries trust could not hold quota share in a federal fishery. He also stated that it was never intended that a regional fisheries trust could acquire quota share, but that Version M makes this explicitly clear. He noted that the fourth bullet on the slide explains that in the event a regional fisheries trust dissolves or fails, the permits held by the trust would revert to CFEC for reissue.

MR. MAGDANZ said that the fifth bullet identifies the requirement proposed under Version M that a temporary transferee must pay all the taxes and assessments that any other permit holder would be required to pay. He pointed out that the previous version of the bill inadvertently exempted people with regional fisheries trust permits from paying some fisheries fees and taxes. He said that the final bullet on the slide explains that a regional fisheries trust would have to receive fair market value for a permit it transfers from its possession.

[11:44:43 AM](#)

REPRESENTATIVE NEUMAN offered his understanding that state dollars would not be used to finance the regional fisheries trusts. He said some regional fisheries trusts may be recipients of a grant or loan, and if they don't meet the conditions of the grant or loan, there should be regulations requiring the conditions of the grant, loan, or permit be met.

MR. MAGDANZ said that a permit held by a regional fisheries trust would be like a permit held by an individual in that it cannot be pledged as security for a loan or mortgage. He said that this is a fundamental tenet of existing limited entry law, and "we are sticking with that." He said that if a regional fisheries trust wanted a loan, then it would have to find collateral other than the permits it may hold.

REPRESENTATIVE NEUMAN said that this was good information. However, he said his point was that there should be side boards

to ensure the integrity of the program, so that the program does not fail.

11:47:35 AM

REPRESENTATIVE CHENAULT asked about the costs associated with holding a permit, specifically, if there is a yearly charge and if costs vary by region around the state.

MR. MAGDANZ said that the structuring of payment for a temporary permit would be left up to the regional fisheries trusts. He added that local control would allow a regional trust to develop methods that work well within its own region. He said it is likely that in most cases there would be an annual fee, because the high cost of full payment up front for a multiple-year permit would defeat the purpose of the program to some degree. He also said that regional fisheries trusts would allocate permits based on a "preference competitive bidding process," and this process would define the price of a permit. Under this process, the regional fisheries trust would make permits available, individuals would submit bids for the permits, and the trust could adjust the bids with predetermined scoring criteria. He said that scoring criteria would consist of factors he mentioned earlier, such as the bidder's history of participation in the fishery or his/her economic dependence.

11:49:52 AM

REPRESENTATIVE CHENAULT stated that he understood the price of a permit would depend on the number of people who apply for it. However, he was curious if there might be a minimum price. He asked, as an example, if a person might pay \$1,000 or if that person would pay \$20,000. He said that he assumed the price was closer to \$1,000, as the intent is to encourage participation at the entry level.

MR. MAGDANZ said the bill does not specify a minimum bid price. He said a best guess at the minimum bid price would be the price people are currently willing to pay for an emergency medical transfer permit.

11:50:51 AM

REPRESENTATIVE KREISS-TOMKINS added that to some extent, the market will ultimately provide the answer to the question of permit pricing. He said that the market for regional fisheries trust permits would be similar to the market for emergency

medical transfer permits. He said the real value of a regional fisheries trust permit would be in the flexibility it offers. He indicated that it would not be in one's best interest to acquire a permit through a regional fisheries trust if one has the capital to purchase one on the open market. Purchasing a permit on the open market rather than through a regional fisheries trust would be analogous to purchasing your one's own home versus renting an apartment. The purchase option allows equity to be built for oneself rather than for another individual or entity. He reiterated that the value of a regional fisheries trust would be the flexibility it would offer, allowing certainty and confidence to be built prior to making the final investment decision of buying a permit.

REPRESENTATIVE CHENAULT indicated that this was why some people purchased their own house after moving out of their parent's house.

11:51:58 AM

REPRESENTATIVE EASTMAN said he was supportive of making it easier for new fishermen to join the fleet. He said that he wanted to take the position of devil's advocate and ask a few questions to make sure the committee has thought this matter through. He said he understood that under Version M, the program would not create a lease situation. However, he wanted to know how a transfer under Version M was different from a lease arrangement, specifically in situations when a permit can be revoked because fishing regulations were violated or payments were not made.

11:52:55 AM

REPRESENTATIVE KREISS-TOMKINS said that the answer to this question relates to the issue of flexibility. He said that someone who has taken out a multi-hundred-thousand-dollar loan to buy a permit and a vessel would be looking at a multi-decade term. He said that prior to making such a long-term commitment, one might want to build experience and develop a sense of what it would be like to manage one's own crew using a regional fisheries trust permit, and it is for this reason that people have been pursuing emergency transfer permits.

MR. MAGDANZ pointed out there was one big difference between leasing under the previous version of the bill and a temporary transfer under Version M. Under the previous version of the bill, a regional fisheries trust would set some terms and



provide a permit subject to the statutes, but without any further approval required. Under Version M, the transaction would be conducted under the existing structure used by CFEC in its management of permanent and temporary transfers. He said that the proposed regional fisheries trust program is based on CFEC's emergency transfer provisions, where if a person does not make the payments, the person offering the permit can take it back.

REPRESENTATIVE KREISS-TOMKINS indicated that the last slide in the presentation strikes at the intent of the proposed legislation, which is to create maximum access to economic opportunity, particularly in communities that presently don't have a lot of opportunities. Using commercial fishing [as a mechanism] reaches into rural communities that are becoming increasingly self-sufficient out of necessity. The idea is to get as many dollars flowing through the rural communities as possible.

[11:56:50 AM](#)

CHAIR STUTES said the sectional analysis for Version M would be heard at a later date.

[11:57:05 AM](#)

CHAIR STUTES opened public testimony on HB 188.

ALVIN OSTERBACK, Mayor, Aleutians East Borough (AEB), stated that the borough comprises 6 communities encompassing 15,000 square miles. He stated that the whole lifestyle of the residents of this borough is fishing. He said that he started as a commercial fisherman with his father back in 1958 and has been fishing since then. He said that he holds two limited entry permits; a set net permit and a seine permit in Area M. He said that he came to the hearing to request that the committee consider allowing for an additional name to be listed on a limited entry permit. He said that he hoped the committee would consider this idea and added that it has been around for a while as "part of the committee's substitute language."

MR. OSTERBACK stated that the AEB passed Resolution 18-23 to make this same request to the legislature. He said King Cove also passed a resolution in support of this. He said he discussed this idea at the Southwest Alaska Municipal Conference, at the 2016 Alaska Sea Grant workshop on "Long-term Challenges to Alaska's Salmon and Salmon-Dependent Communities,"



and the idea has been well-received everywhere. He said that allowing an additional name on a permit would allow permit holders to mentor young fishermen and help them become established financially. It would also help new entrants establish a work history in their fishing career and eventually obtain commercial bank loans to purchase a boat and fishing gear. An additional name on a permit could also allow a surviving spouse to continue to survive from the sale of salmon. He said he believes that this concept could help address the "graying of the fleet" and potentially solve the outmigration of permits, which is a serious dilemma for AEB.

MR. OSTERBACK added that there have been a lot of problems with alcohol in the area for quite some time, and his proposal would give young fishermen hope to be able to access fisheries that are becoming very expensive. He said that his permits were granted to him during the initiation of the limited entry program, but things have changed since then. He said, "As a young person back then, we never looked at what was going to happen in the future as we got older". Regarding his request, he said he would "be able to take a young person, bring him on my boat, put their name on the permit, get them started, get them a track record, a history that we could take to the bank, and he could buy it."

[12:00:23 PM](#)

CHAIR STUTES announced that public testimony would remain open and HB 188 was held over.

[12:00:46 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Fisheries meeting was adjourned at 12:01 p.m.